

City Council Introduction: August 4, 2014
Public Hearing: August 11, 2014
Date Factsheet Prepared: July 14, 2014

BILL NUMBER: 14-109

FACTSHEET

Instructions: If a question does not apply, just put "NA". Please try to keep it to **ONE** page only. Submit **one original** with your Request Form, to City Clerk.

TITLE:	1% TIF Administration Fee	BOARD/COMMITTEE:	NA
APPLICANT:	Urban Development	RECOMMENDATION:	NA
STAFF RECOMMENDATION:	For	OTHER DEPARTMENTS AFFECTED:	Finance
SPONSOR:	Urban Development	OPPONENTS:	Unknown

REASON FOR LEGISLATION

This ordinance would require redevelopers to pay a tax increment financing administrative fee in the greater amount of \$2,000 or 1% of the TIF Bond Indebtedness issued by the City as part of a redevelopment project. Although the fee is charged to the redeveloper, the fee is reimbursable as an eligible TIF expense. The funds generated from the fee would be used to offset personnel costs for time spent negotiating, reviewing, preparing the redevelopment agreement and other documents, as well as ongoing administration of the project during the 15 year tax increment period. By way of illustration, the 1% administrative fee on a TIF bond indebtedness of \$3,000,000 would be \$30,000.

DISCUSSION / FINDINGS OF FACT:

During the first 6 months of 2014 (January - June) city staff have worked on seven different plans and agreements that have been adopted. Five additional plans and agreements are currently underway. The amount of the fee will vary based on the amount of the negotiated TIF and number of TIF projects adopted each year. This practice is used by many other cities. Examples include:

Omaha: No administrative fee for the first half million dollars of any TIF principal amount
1.5% administrative fee on any TIF principal amounts of \$500,000 through \$2,000,000
Additional 1% administrative fee for TIF principal amounts \$2,000,000 through \$4,000,000
No additional administrative fee for TIF principal amounts above \$4,000,000
The maximum administrative fee is \$42,500

Springfield, MO: collects 2% of annual TIF revenues.

Knoxville, TN: collects \$10,000 to prepare a redevelopment plan and \$5,000 for a plan amendment. Annual fee of 5% of incremental taxes from each project.

San Antonio, TX: applies only to City initiated projects for which the City puts out an IRFP:
Collects a \$40,000 processing fee for proposals submitted
\$75,000 fee to set up a redevelopment zone (similar to a redevelopment plan)
\$15,000 minimum annual fee to be determined on a case by case basis

POLICY OR PROGRAM CHANGE: ☒ Yes ☐ No

OPERATIONAL IMPACT ASSESSMENT: The City could have collected \$713,466 from fiscal years 2007/2008 through June 2014. Annual collections would have ranged from \$22,632 to \$199,012 during this time.

COST OF TOTAL PROJECT:

RELATED ANNUAL OPERATING COSTS:

SOURCE OF FUNDS:

CITY:

NON CITY:

FACTSHEET PREPARED BY: Pat Posey Ribeiro

DATE: July 14, 2014

REVIEWED BY: David Landis

DATE: July 14, 2014